

**Functional Series 300  
Acquisition and Assistance**

**INTERIM UPDATE 02-02**

**SUBJECT: Special Authority - Exception for Small Businesses under Indefinite Quantity Contracts (IQCs)**

**NEW MATERIAL: USAID's 2002 Appropriations Act contains special authority that allows USAID to award task orders to small and small disadvantaged businesses without competition under multiple award IQCs.**

**EFFECTIVE DATE: 02/27/2002**

**POLICY**

**USAID/General Notice  
M/OP, GC, and OSDBU  
02/27/2002**

**Subject: Special Authority - Exception for Small Businesses under Indefinite Quantity Contracts (IQCs)**

Good news! USAID's 2002 Appropriations Act contains special authority that allows USAID to award task orders to small and small disadvantaged businesses without competition under multiple award IQCs. This authority has the potential to enable the Agency to increase our use of small businesses while further reducing procurement lead times.

The new special authority reads as follows:

Sec. 534(f) SMALL BUSINESS - In entering into multiple award indefinite-quantity contracts with funds appropriated by this Act, the United States Agency for International Development may provide an exception to the fair opportunity process for placing task orders under such contracts when the order is placed with any category of small or small disadvantaged business.

This new authority, which will be highlighted as appropriate in new solicitations, applies to multiple-award IQCs that are initially funded with FY 2002 money (that is, 2002 funds are used for the minimum obligation amount). After that, for the life of these contracts, USAID will have the option to direct a Task Order to any small or small disadvantaged business that was awarded a prime IQC. This exception may be used instead of following the competitive "fair opportunity" process to issue a Task Order.

The only way USAID can take full advantage of this new authority is if we make basic IQC awards to qualified small and small disadvantaged businesses. Requiring offices should consider setting aside one or more of the prime contract awards in new multiple-

award IQCs for qualified small business concerns. If the overall Statement of Work is too broad for small businesses to compete effectively for the entire range of services or goods, please consider separating out segments of the work that may be more suitable for small businesses to perform. Small and small disadvantaged businesses will be more competitive for these smaller awards, and to the extent they receive awards, we can then use the new special authority.

In all cases, the requiring office, the Office of Small and Disadvantaged Business Utilization (OSDBU), and the cognizant contracting officer must work together from the earliest stages of procurement planning to ensure that we are using the most effective contracting methods to meet all the Agency's objectives, including our small and small disadvantaged business goals. USAID must improve its use of small and small disadvantaged businesses, so please structure competitions for new IQC awards to maximize the potential for award to small and small disadvantaged businesses. Then, once these IQCs are awarded, the Agency can use this new authority when issuing Task Orders.

The Office of Procurement will be issuing further guidance to Contracting Officers in an Acquisition and Assistance Policy Directive (AAPD).

Point of Contact: Questions regarding this Notice should be directed to Diane Howard, M/OP/POL at 202-712-0206 or Barbara Brocker, M/OP/POL at 202-712-0824.

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